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GENERAL

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· , 1	. <u>General Eisenhow</u>	<u>er would serve as '</u>	<u>"European Defense</u>	Minister"			
	to speed integration	on:					
		reports a	US Minister Julius Holmes in London reports a conversation with General Eisenhower as follows:				

"He said that no time should be lost in concluding arrangements which would allow a start on German forces. He felt that the European army presented the only feasible means of bringing them into Western defense. He believes that the greatest element of delay will be the agreements and arrangements necessary for a European Defense Minister to function. He is prepared, if he can get satisfactory commitments from the five governments involved, principally France and Germany, to undertake on a temporary basis the functions of European Defense Minister in order to get the practical businesss of the recruiting, training and formation of the force started.

"He made it clear that he would do this on a personal basis and not as Supreme Allied Commander Europe and that it would naturally have to be for a limited period."

Comment: The concept of a "European Defense Minister," member of no government, arose during the Paris talks on creation of a European army.

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SOUTH ASIA

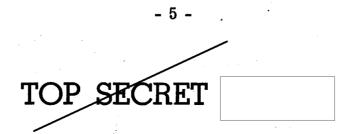
4. Comment on a possible crisis in the Indian Congress Party:

Prime Minister Nehru's letter to the President of the Indian Congress Party, requesting his relief from membership in two top policy-making committees of the Congress Party, may reflect Nehru's desire to emphasize formally that he is above party politics.

On the other hand, Nehru has been increasingly subjected to dictation from Congress President Tandon and the rightist party majority since September 1950. His position may now have become so intolerable that he has taken the first step toward eventual resignation from the party. In any case, it appears that Nehru is about to lose whatever power he has held in the Congress Party leadership.

Should Nehru resign, he may be expected to assume the leadership of a new "Peasants, Workers, Peoples Party" movement, which has been gaining strength in India since the fall of 1950. Nehru's great popular appeal should give this movement a fighting chance to defeat the Congress Party in the forthcoming national elections.

Faced with such a possibility, the rightist Congress group, which now controls the Government of India, may move to prevent the holding of national elections in January 1952. These elections have already been postponed twice, and further delay would raise an immediate outcry from all non-Congress groups. Nevertheless, the Congress rightists, in cooperation with militantly nationalist organizations, such as the Hindu Mahasabha, probably could assume dictatorial powers and continue to rule with police and military support.



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5, Ceylon's government fears internal repercussions over rubber shipments to China:

The Prime Minister of Ceylon has told US Embassy officials that his United National Party, which controls the present government, cannot risk

"political suicide" by preventing shipments of rubber from Ceylon to China. He has stated repeatedly that increasingly successful Communist efforts to develop trade in rubber with Ceylon are unfortunate, but nothing now can be done about it. The implication is that Ceylon will not certify under the Kem amendment nor request that an exception be made in its case, despite the foreknowledge that this failure might prejudice the granting of Point IV and other assistance.

Comment: There is a possibility that the United National Party would lose control of the government if it reversed its widely publicized policy of permitting rubber exports to all destinations. There is also a possibility, however, that by conveying the impression that they cannot reverse this stand, the Ceylonese are hoping to obtain a US contract for a large part of Ceylon's annual rubber output.

NEAR EAST

3.3(h)(2)

6. Arab states continue intrigue against integrity of Jordan:

The Iraqi Minister is flagrantly continuing the campaign for a union of Jordan and Iraq which was renewed by the Iraqi Prime Minister and the

Regent at the time of Abdullah's funeral. It is widely rumored that the Egyptian Legation is agitating for the independence of the western part of Jordan (formerly Arab Palestine) under a mandate of the Arab League. The Saudi Arabian Legation is believed to favor partitioning the country in cooperation with Syria.

TOP SECRET

The US Minister feels that although there is no evidence of Jordanian acceptance of these maneuvers, they cannot but disturb the internal political situation and the precarious equilibrium that has existed in the Near East since 1948.

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The desires of Iraq in this matter are well known. Egypt, which continues to be interested in the Arab Palestine Government of the former Mufti would presumably wish to create an independent Arab Palestine.

The possible role of Ibn Saud is less clear. Recently, he stated in a note to the US Government that "any attempt to change the present situation in the Middle East will not be agreeable to him" and that it is "unjust" to deprive Abdullah's sons of their rights.

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WESTERN EUROPE

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9. French pose condition to acceptance of Greece and Turkey in NATO:

France will oppose full NATO membership for Greece and Turkey unless they are directly subordinated to the three-power NATO Standing Group,

3.3(h)(2)

French official in London. The French reject the idea of a separate command body composed of the present Standing Group members and Turkey.

The US Nato Deputy suspects that the French have long wanted to extend the Standing Group's authority beyond the NATO area. In his view, the French fear that a further diminution of France's authority within the Standing Group would relegate France to a minor European role while UK and US interests would be predominant in the Middle Eastern theater as well as in Europe.

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TOP SECRET

Comment: France has consistently pushed the alternate idea of a regional Mediterranean pact embracing Greece and Turkey. The French have been reluctant to include Greece and Turkey in NATO, partly because they felt that growing Western European integration would be hindered, but even more because they have been increasingly jealous of American and British influence in the Eastern Mediterranean.

The three-power Standing Group is the executive arm of the NATO military committee, and as such has direct control of all NATO forces. The French fear that any change which detracted from the authority of the Standing Group might prejudice their efforts to obtain a greater voice in Eastern Mediterranean matters.

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10. Need for Berlin airlift appears to have been exaggerated:

In a sharply worded letter to Mayor Reuter, the Allied Commandants protest that, although they acceded to West Berlin's appeal for aircraft to

move goods held up by new Soviet export restrictions, it now appears that the volume of the backlogged shipments has been overestimated and the need for an airlift exaggerated.

The airlift has been arranged on the basis of information that 10,000 to 12,000 tons of goods were backlogged. However, in a 3 August meeting between Allied and West Berlin authorities to consider expanding the airlift capacity, it developed that the West Berlin Senate was having difficulty finding sufficient backlogged cargo to fill the limited number of aircraft being used, and that in fact only 300 tons were available for loading within the next three days.

